

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Herb Hyman/797-1016

SUBJECT: Ordinance

AFFECTED DISTRICT: N/A

TITLE OF AGENDA ITEM: AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AMENDING ORDINANCE 88-70 BY AMENDING CHAPTER 2 ARTICLE VIII, SECTION 2-316, AND 2-317 OF THE TOWN OF DAVIE'S PURCHASING PROCEDURES; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF: This ordinance will raise the Town's formal bid threshold from \$10,000 to \$25,000. Raising the threshold will reduce advertising cost, reduce paperwork, and allow purchases to be effected in a shorter timeframe which will benefit the residents. A survey of other cities in Broward County is attached. The survey shows that more than 50% of the eighteen cities surveyed have a formal bid threshold of \$25,000 or higher. The last time the bid threshold was changed was 1996 when the threshold was raised from \$5,000 to \$10,000. The cost of goods and services has increased over the past seven years. Raising the threshold to \$25,000 will allow the Town to operate more effectively. Operationally, items which cost more than \$5,000 but less than \$15,000 will require at least three written bids which may be obtained by the using department. Items which cost more than \$15,000 but less than \$25,000 will require at least three written bids which will be obtained by the Purchasing Department with the use of a specification provided by the using department.

PREVIOUS ACTIONS: Not applicable

CONCURRENCES: Not applicable.

FISCAL IMPACT:

Has request been budgeted? n/a

Additional Comments: Not applicable

RECOMMENDATION(S): Motion to approve the resolution.

Attachment(s):

Bid Threshold survey dated December 17, 2002

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AMENDING ORDINANCE 88-70 BY AMENDING CHAPTER 2 ARTICLE VIII, SECTION 2-316, AND SECTION 2-317 OF THE TOWN OF DAVIE'S PURCHASING PROCEDURES; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town wishes to amend Section 2, Article VIII, Section 2-316, and Section 2-317 of the Purchasing procedures as set forth in Ordinance 88-70; and

WHEREAS, it is in the best interest of the Town to make appropriate amendments.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. That Article VIII, Section 2-316, and Section 2-317 of the Purchasing procedures as set forth in Ordinance 88-70, regarding level of approvals and clarification of definitions is amended as follows:

Section 2-316. **Same-Exceeding one thousand dollars but not exceeding ~~ten~~ twenty-five thousand dollars.**

Purchases in amounts of over one thousand dollars (\$1,000.00) but not exceeding ~~ten~~ twenty-five thousand dollars (~~\$10,000.00~~) (\$25,000.00) may be effected without advertising for formal sealed bids, but at least three (3) informal bids shall be obtained if practicable. Purchases which are over \$5,000.00 but less than ~~\$10,000.00~~ \$15,000.00 will require written unsealed bids including fax transmissions from prospective vendors which may be obtained by the using department. Purchases over \$15,000.00 but less than \$25,000.00 will require written unsealed bids which will be obtained by the Purchasing Department with the use of a specification prepared by the using department. Purchases under \$5,000.00 may be by documented verbal quote. In all instances, the Procurement Manager shall have the right to require adequate documentation to insure that bids are fairly acquired and that a competitive environment is maintained.

Section 2-317. **Same - In amounts over ~~ten~~ twenty-five thousand dollars,**

Purchases exceeding ~~ten~~ twenty-five thousand dollars (~~\$10,000.00~~) (\$25,000.00) shall require newspaper advertising as prescribed by applicable ordinances or advertising by posting in two (2) conspicuous places in the Town limits for formal sealed bids to be opened in public pursuant to applicable Town ordinances and Finance Department regulations. Purchases shall be made from, or the contract awarded to, the lowest qualified responsive and responsible bidder: provided, however, that any and all bids may be rejected by the Town Council upon the vote of

three (3) of its members. The Town Council shall approve such contracts or purchases by appropriate resolution.

SECTION 2. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portion of this Ordinance.

SECTION 3. This ordinance shall take effect immediately upon its passage and approval.

PASSED ON FIRST READING THIS _____ DAY OF _____, 2003.

PASSED ON SECOND READING THIS _____ DAY OF _____, 2003.

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2003.

MEMORANDUM

Department of Budget and Finance

To: Ken Cohen, Assistant Town Administrator

From: Herb Hyman, CPPB, Procurement Manager

Through: Carol Menke, Interim Budget & Finance Director

Date: December 17, 2002

Subject: Formal Bid Thresholds

The Town's current threshold for formal bids is \$10,000. Raising the bid threshold would save advertising costs, cut down on the paperwork, and allow using departments to obtain goods and/or services in a shortened timeframe which would be a benefit to the residents.

Several cities were surveyed to justify an increase in our formal bid threshold.

Broward County-	\$100,000-goods; \$50,000-services
Broward Community College-	\$25,000
Boca Raton	\$25,000
Coconut Creek	\$25,000
Coral Springs	\$20,000
Cooper City	\$20,000
Dania	\$15,000
Deerfield Beach	\$25,000
Ft. Lauderdale	\$10,000
Hallandale Beach	\$10,000
Hollywood	\$25,000
Lauderdale Lakes	\$25,000
Lauderhill	\$30,000
Margate	\$10,000-in process of increasing to \$25,000
Miramar	\$25,000
Pompano Beach	\$15,000
Sunrise	\$25,000
Tamarac	\$25,000

The following is a study of resolutions prepared by the Purchasing Department over the past twelve months:

BIDS DONE BY THE TOWN

Between \$10,000-\$20,000	36
Between \$20,000-\$25,000	19
Between \$25,000-\$30,000	14

PIGGYBACK BIDS

Between \$10,000-\$20,000	5
Between \$20,000-\$25,000	6
Between \$25,000-\$30,000	4

Based on the data provided above, I would recommend an increase in the formal bid threshold to \$25,000.

As for implementation, I would suggest that we continue to get 3 informal bids from \$1,000-\$5,000. We get 3 written quotes (obtained by the using department) from \$5,000-\$15,000. We get 3 written quotes (obtained by Purchasing with a spec from the using department) from \$15,000-\$25,000.